INFORMATION LETTER

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ALTERNATE PRICING ORDER IS ISSUED TO RELIEVE SQUEEZE ON DISTRIBUTOR

Two OPA Regulations Provide Mark-up Factors for 11 Groups of Food Products

Administrator Leon Henderson of the Office of Price Administration, on October 9, formally announced the new alternative pricing formula by which food stores and wholesalers severely squeezed under OPA's March ceiling will be able to restock hundreds of individual items in 11 broad groups of food products.

This is the first of three types of food regulations on which OPA has been working since last summer. All three are designed to relieve the squeeze on those food wholesalers and retailers who have had difficulty in transacting business under their March ceiling prices. Imminence of the new orders was disclosed October 3 when Mr. Henderson froze the prices of butter, eggs, poultry, canned milk, flour, potatoes and other key foods at the direction of the President. The second regulation will permit specific price increases on some new-pack canned foods other than vegetables. The third will cover a number of highly seasonal items, such as maple syrup, apple cider and holiday candies. Both will be issued shortly.

The October 9 regulations, which become effective October 15, apply only to the following groups of foods: Breakfast cereals, canned fish, cooking and salad oils, sugar, canned vegetables, coffee, rice, hydrogenated shortening, other shortening, dried fruits, and lard.

Order M-237 To Be Amended

Since the issuance of Conservation Order M-237, controlling the deliveries of canned foods, many canners have written both the Administrator of the order and the National Canners Association regarding problems created by the new regulation. In last week's INFORMATION LETTER answers were given to some of the questions that were raised.

On Monday the entire situation was reviewed by officials of the government agencies in the light of information presented by canners, and amendments were agreed to in principle. These amendments, it is believed, will ease hardships that have been created by this order, such as warehousing and financing.

Formal drafting of the amendments is now under way. The Administrator of the order fully realizes the necessity for prompt action and has indicated that the relief afforded by the amendments is energetically being pushed on an emergency basis.

On nine of the 11 groups of foods involved, the option of taking a new ceiling price obtained by using the alternative pricing method, or of retaining his March ceiling price, rests with the individual wholesaler or retailer. On lard and dried fruits, however, the compulsory new ceilings *must* be used and present maximums abandoned, whether such ceilings result in higher or lower price tags. The dried fruit group includes prunes, which by this action are placed under price control for the first time.

The adjustments in retail prices will extend over a limited period, from October 15 to December 31. Wholesalers must complete their adjustments by November 30.

Two regulations are being issued to accomplish the alternative pricing plan—one, known as Maximum Price Regulation No. 237 (Adjusted and Fixed Mark-Up Regulation for Sales of Certain Food Products at Wholesale), applies to wholesalers, and the other, Maximum Price Regulation No.

(Continued on page 7271)

SENATE COMMENCES DEBATE ON LARGEST TAX BILL TO GO BEFORE THE CONGRESS

House Corporation Surtax Rates Are Reduced; Individual Income Rates Approved

The Senate began its debate of the largest tax bill ever presented to Congress, when Chairman Walter F. George of the Senate Finance Committee reviewed, on October 6, the recommendations of the Committee for amendment of the bill passed by the House on July 20 and reported in the INFORMATION LETTER for July 25.

In discussing the report of the Finance Committee, Chairman George estimated that the bill, in the form in which it was reported by the Committee, would add $8,000,000,000 to present revenues to produce total receipts to the Treasury of between $25,000,000,000 and $26,000,000,000. In addition, Secretary of the Treasury Henry Morgenthau, Jr., has announced that he would present a new $6,000,000,000 tax bill to Congress shortly after passage of the tax bill now under consideration.

Individual Income Taxes

The Senate Finance Committee adopted the provisions of the House bill relating to the normal tax rate and the surtax rates on individual incomes. The bill, as passed by the House, would increase the normal tax rate from 4 per cent to 6 per cent, and proposes surtax rates ranging from 13 per cent to 82 per cent. At present, surtax rates range from 6 per cent to 77 per cent.

The House bill lowered the personal exemption for a married person from $1,500 to $1,200, and for a single person from $750 to $500. The Senate Finance Committee approved the reduced personal exemptions, but in addition,

recommended that the present credit for dependents be reduced from $400 to $300.

While agreeing with the House recommendation that an additional exemption of $250 for a single person and $300 for a married person should be granted to members of the armed forces in active service, the Senate Finance Committee recommended that this additional allowance be limited to personnel below the grade of commissioned officer.

The Senate Finance Committee inserted a new provision permitting the deduction of abnormal medical expenses. These expenses will be deductible only if they exceed 5 per cent of the individual net income, and the maximum deduction permitted is $2,500 for the head of a family or $1,250 for an unmarried person.

The Senate Committee placed a ceiling on individual income taxes by providing that the combined income tax and victory tax, discussed below, should not exceed 90 per cent of the taxpayer's net income. The Committee further recommended that income tax returns no longer be required to be made under oath.

The Victory Tax

One of the most highly controversial and widely-publicized provisions adopted by the Senate Finance Committee was the so-called Victory Tax which the Committee substituted for the payroll withholding tax approved by the House.

It will be recalled (INFORMATION LETTER No. 893, July 25, 1942) that the House bill required employers to withhold 5 percent of each employee's wages during 1943, and 10 percent during 1944, over and above the basic exemption which was to be calculated for each employee in accordance with his particular marital status; that is, the Treasury Department was to determine the basic exemption which would be granted to an unmarried man, a married man, a married man with one child, et cetera. Fundamentally, the withholding tax constituted a prepayment of individual income taxes during the year in which the tax liability accrued, since the entire amount of the tax withheld in 1943 was to be credited against the income tax calculated in March, 1944, to be due for the year 1943.

As stated above, the Senate Finance Committee substituted for the withholding tax an entirely new form of tax called the Victory Tax, which is a tax calculated on the *gross* income of each individual and is in addition to all other tax liability under the bill. The Victory Tax imposes a tax of 5 percent on all income in excess of $624 annually received during the year by individuals from salaries and compensation for personal services, dividends, interest, and other income which is ordinarily includable in gross income. If income is received from a trade or business, expenses and certain allowable deductions are permitted before imposition of the tax.

To facilitate the collection of income taxes on a current, rather than a quarterly, basis, employers are required to deduct 5 percent from all salaries or wages in excess of $12 a week ($624 a year), regardless of the employee's marital status. The employer likewise is required to furnish to the employee a written statement of all amounts withheld under this section, on or before January 31 of the following year, or, if the employment is terminated during the calendar year, on the day the last salary check is given to the employee. Employers are not required to deduct taxes from wages paid for agricultural labor, domestic service, or casual labor. Only wages and salaries are subject to withholding at the source. The Victory Tax on income from other sources must be computed in March of each year.

Each taxpayer is required to compute his total Victory Tax on his regular income tax return, and will be permitted to deduct therefrom all amounts withheld at the source.

A post-war credit is allowed against the tax, computed on the taxpayer's marital status. Thus, in the case of single persons, the credit would be 25 percent of the Victory Tax or $500, whichever is the smaller. In the case of married persons, the credit would be 40 percent or $1,000, whichever is the smaller; if, however, each spouse files a separate return, the credit would be 40 percent of the Victory Tax or $500, whichever is the smaller. A credit of 2 percent, or $100, whichever is smaller, is permitted for each dependent.

The Senate Finance Committee bill permits the taxpayer to credit certain expenditures currently against the Victory Tax as an alternative to the post-war credit. Thus, credit may be taken for premiums paid on life insurance in force on September 1, 1942, for payments against indebtedness incurred prior to September 1, 1942, or for purchase of war bonds. The credit to be taken currently must not, however, exceed the amount of the post-war credit.

As soon as practicable after the war has ended, all post-war credit which has not been absorbed currently will be credited against any income tax then due from the taxpayer, and the remaining balance, if any, refunded to the taxpayer.

It is understood that the Victory Tax will be debated fully on the floor of the Senate, and may be amended before final passage of the tax bill. In this connection, a plan which received nation-wide consideration while the Senate hearings were in progress was the so-called Ruml or "Pay-As-You-Go" plan. The Ruml plan contemplated that income taxes should be placed on a current basis, that is, that the 1941 tax liability should be cancelled and each year's taxes paid during the course of the same year in which accrued. Although this plan was rejected by the Senate Finance Committee, on September 24 the Committee adopted a resolution authorizing the subcommittee which is now studying a compulsory savings plan, to give further consideration to the Ruml plan.

Corporation Income Taxes

The Senate Finance Committee amended the proposed House normal tax rates and surtax rates on corporations by reducing the 21 percent surtax on net incomes in excess of $50,000 to 16 percent. Normal tax rates on corporations remain unchanged, and, as under the present law, range from 15 percent to 19 percent for companies having net income of less than $25,000, and 24 percent for corporations having net incomes over $25,000.

Under the present law, the corporate surtax rate is 6 percent upon the first $5,000 of surtax net income, and 7 percent upon surtax net income in excess of $25,000. The first $25,000 of surtax net income is taxed at 6 percent regardless of the size of the total surtax net income. The Senate Finance Committee bill increases the surtax rate on the first $25,000 to 10 percent, and to 16 percent on surtax net incomes in excess of $50,000. On surtax net incomes falling between $25,000 and $50,000, the rate is graduated from

10 percent to 16 percent. Unlike the existing tax law, the 16 percent surtax rate applies to the entire amount of surtax net income if it exceeds $50,000.

The Senate Finance Committee bill thus imposed a combined normal and surtax rate of 40 percent on corporations with net incomes over $50,000. It will be recalled that the House Ways and Means Committee, after first recommending that the combined rate be fixed at 45 percent, later recommended that the House reduce the combined rate to 40 percent, which was increased by the House to 45 percent. On October 7, 1942, the Senate voted a combined normal and surtax rate at 40 percent on corporations with net incomes over $50,000.

Changes in Excess Profits Taxes

Under present law, excess profits tax rates range from 35 percent to 60 percent. The House bill and the Senate Finance Committee bill eliminated the graduated rate and imposed a flat excess profits tax rate of 90 percent.

With respect to this admittedly high excess profits tax rate, the Senate Finance Committee stated that its hearings had disclosed the fact that, in the case of a number of corporations, the combined normal tax, surtax and excess profits tax would approach 90 percent. Many companies which have expanded tremendously due to war work and have small excess profits credits, would find the greater part of their income subject to the excess profits tax rate. In order to avoid great injustice, the Senate Finance Committee recommended that in no case should more than 80 percent of corporate profits be taken in normal tax, surtax and excess profits tax, and, consequently, limited the total tax rate to 80 percent of the surtax net income. The effect of this provision will be to reduce the excess profits tax in any case in which the combined taxes will exceed the 80 percent limitation.

The Senate Committee likewise provided a post-war credit of 10 percent of the excess profits tax. Under this provision, corporations will pay the full excess profits tax imposed by the bill, but will be given war bonds, redeemable at the end of the war, equal to 10 percent of the excess profits tax. These bonds will be non-interest bearing, non-negotiable and non-transferable until after the cessation of hostilities. The post-war credit thus provided is likewise available currently for retirement of the taxpayer's indebtedness. This is done by allowing corporations a credit of 40 percent of all amounts paid for debt retirement, provided the total amount of the credit is limited to the amount of the post-war credit for the taxable year. For example, if a corporation has an excess profits tax of $100,000, it is entitled to a post-war credit of $10,000. If it retires a principal amount of indebtedness of $10,000 during the taxable year, it may reduce the post-war credit by $4,000 (40 percent of $10,000). In effect, the corporate excess profits tax would be reduced from $100,000 to $96,000 and its post-war credit would be reduced from $10,000 to $6,000.

Under present law, a specific exemption of $5,000 is allowed in computing excess profits taxes. The House bill increased this specific exemption to $10,000 but the Senate Finance Committee restored the original $5,000 exemption.

The Senate Finance Committee concurred in the action of the House, retaining the provision giving taxpayers an opportunity to compute their excess profits tax on either the invested capital or the average earnings basis. As reported in the July 25 INFORMATION LETTER, representative canners appeared before the House Ways and Means Committee to explain that most canners are unable to utilize the "average earnings" method of tax computation because the base years 1936 to 1939 were years of low earnings and losses for the greater part of the industry and did not represent a correct measure of average earnings.

The House bill included a relief provision permitting the substitution of a more representative base period where the tax computed on the earnings during 1936 to 1939 would result in an excessive and discriminatory tax. As a bisis for qualifying under this relief provision, a corporation would be permitted to show sporadic and intermittent periods of high production and profits. Under the House bill, the final decision as to which four-year period presents a truly representative period of normal earnings for a corporation will rest with a newly-created division of the Board of Tax Appeals. The Senate Finance Committee adopted in large part the provisions of the House relief section, but made several important changes.

Since most of the 1940 and 1941 returns have not as yet been audited, the Senate Finance Committee felt that the general relief provision should be made *retroactive* with respect to all taxable years beginning after December 31, 1939. To give effect to this provision, the time for filing application for relief with respect to the years 1940 and 1941 has been extended to a period within six months after the date of enactment of the Revenue Bill of 1942.

As interpreted by the Commissioner of Internal Revenue, a corporation would be required to compute and pay its tax without regard to the relief provision, and then file a refund claim for each taxable year. The Finance Committee did not believe that such a procedure should be followed where the taxpayer had had its constructive substituted base period net income under this relief provision finally determined for any year. The Committee therefore recommended that a corporation which had had its base period net income so determined, should be permitted to use that net income as a basis in computing its excess profits tax for any future year.

The House bill restricted the application of the section to those cases in which the relief afforded would diminish the excess profits tax otherwise payable by more than 5 percent, and to those cases where the excess profits tax payable exceeded 6 percent of the taxpayer's normal tax net income. The Senate Finance Committee recommended that these limitations be removed.

Regulations to be promulgated by the Commissioner of Internal Revenue probably will reveal the measure of relief which will be allowed under this section and may provide some clue as to the years which will be allowed as the base period generally for the canning industry. Whether the accounting burden may practically preclude relief in many cases will be dependent on these regulations.

The House bill retained the excess profits credit carry-over provision which appears in existing law, permitting taxpayers to carry-over and make up differences in earnings in past years before current earnings are deemed subject to excess profits tax. (See page 6455 of the INFORMATION LETTER for March 1, 1941, for a discussion of this provision.) An amendment to this provision, together with a

new Section 155 which was proposed by the Senate Finance Committee, permits a two-year carry-back of operating losses and excess profits tax credits.

These two provisions may be of great significance at the end of the war. These carry-back sections could provide a very much larger measure of relief for companies confronted with the prospect of a sharp decrease in earnings after the war. In fact, it is possible that corporations who suffer heavy losses during the first year or two after the war may recover a considerable portion of the taxes paid during the last two war years.

Under the Senate bill, a taxpayer may carry back, as well as forward, for two years, operating losses suffered in any year subsequent to 1941. The bill also provides for a similar change in the present excess profits credit carry-over provision. It provides that the unused excess profits credit for any year subsequent to 1941 may be carried back for two years and credited against the excess profits income (but no credit is permitted for any tax year prior to 1941). Thus, the unused excess profit credit for 1942 could be carried back only one year, while the 1943 unused excess profit credit could be carried back for two years. The unused excess profits credit for any taxable year which is not used as a carry-back may be carried forward as provided by the present law to the two succeeding tax years.

Capital Stock and Declared Value Excess Profits Tax

The Senate Finance Committee recommended repeal of the capital stock tax for the year ending June 30, 1942, and subsequent years, and repeal of the declared value excess profits tax for the taxable years ending after June 30, 1942. The Senate Finance Committee stated in its report that since these taxes are predicated upon the ability of the taxpayer to guess what his future earnings will be, it is inequitable to impose such a requirement at this time when business conditions are so unstable, due to the war, priorities, and additional factors beyond the taxpayer's control.

The capital stock and declared value excess profits tax required by the House bill is discussed on page 7121 of the INFORMATION LETTER for July 25, 1942.

Fiscal Year Taxpayers

The Senate Finance Committee reviewed the history of the tax methods applying to corporations reporting on a fiscal year basis and concluded that in many instances fiscal accounting periods had been adopted to avoid the payment of a higher tax. It pointed out that a corporation operating on a fiscal year basis ending November 30, 1941, was permitted to use the 1940 tax rate for the first 11 months of 1941, whereas a corporation operating on a calendar year basis under similar circumstances would be required to use the 1942 tax rate for the same 11-month period. If the 1942 tax rate was higher than the 1941 tax rate (as was the case), the fiscal year taxpayer received a decided tax advantage. The Committee stated that under this method a clear discrimination resulted between taxpayers because of the fact that their taxable years ended on different dates. The House bill attempted to correct this situation by providing that the tax should be calculated both at the 1941 rate and the 1942 rate, and all months of the fiscal year occurring after January 1, 1942, should be subject to the 1942 tax rate in the proportion which those months bore to the entire fiscal year period. Representatives of the industry appeared before the Senate Committee to show that canners used the fiscal year because of the seasonal nature of the industry and asked that such use be recognized.

The Senate Committee amended the House bill to provide that the date of demarcation should be July 1, 1942, rather than January 1, 1942. All taxpayers operating on a fiscal year which ends prior to July 1, 1942, will be permitted to calculate their tax at the 1941 rates. Taxpayers operating on a fiscal year period which ends after July 1, 1942, will be required to use the 1942 tax rate for those months following June. The Committee felt that the June 30, 1942, date met the objections raised by many taxpayers to the effect that the tax was being imposed without notice and after corporate books had been closed, because the House Ways and Means Committee recommended the change in the fiscal year provisions prior to June 30, 1942, and taxpayers were therefore put on notice of the proposed change of policy.

Amortization of Emergency Facilities

Under existing law, corporations alone are permitted to amortize emergency facilities. The Senate Finance Committee concurred in the House bill provisions permitting individuals and partnerships to amortize over a five-year period those emergency facilities completed or acquired after December 31, 1939. The Committee recognized the substantial burden placed upon individuals and partnerships by the increased tax rates, and concluded that it seemed equitable to extend the amortization provisions to such individuals and partnerships. In the case of a facility completed or acquired before January 1, 1942, by a person other than a corporation, the election to take accelerated amortization must be made within six months after the enactment of the Revenue Bill of 1942, instead of three months as provided in the House bill.

At present, the amortization provision available to corporations is limited to facilities acquired after June 10, 1940. Both the House and Senate Finance Committee extended this provision to cover facilities acquired after December 31, 1939, and before June 11, 1940. The election to take accelerated amortization with respect to the facilities acquired between these two dates must be made before the expiration of six months after the enactment of the Revenue Bill of 1942 instead of three months as provided in the House bill.

War Losses

The Senate Finance Committee considered the problem of property taxpayers located within an enemy country or within an enemy-controlled area, and recognized that such property is, for all practical purposes, lost to the taxpayer. The Committee stated that since it is impossible to determine the actual disposition of such property, or whether it can be recovered after the war, or what its value would be if recovered, a provision had been incorporated in the bill permitting such property to be claimed as a casualty loss in the computation of net income. If the property was within country controlled by the enemy at the outbreak of the war, the loss may be considered to have occurred on the date of declaration of war against such enemy country by the United States. If the property is in an area over which the enemy gained control after the declaration of war, it shall be

No Subsidy on Tomato Juice

The Association has learned from authoritative sources that no subsidy will be paid to tomato juice canners. Proposal to pay such a subsidy had been considered as a method of adjustment in cases where tomato juice canners had not increased their prices in 1942 prior to the establishment of distributors' ceilings.

deemed to have been destroyed as of a date falling between the latest date on which the property may be considered as not having been already destroyed or seized, and the earliest date on which the property may be considered as having been already destroyed or seized. The date of loss shall be determined by the Commissioner.

Any interest in such lost property will be accorded the same treatment as the property itself, and will be deemed to have been lost. Stocks and bonds of a corporation holding such property, and contract rights based on contractual obligations of persons whose entire property is under enemy control, may be considered worthless if all of the underlying property is deemed to have been seized or destroyed.

If the property considered lost is later recovered, the fair market value of such property must be included in the income for the year in which it is recovered. No loss may be taken under this provision which occurred prior to December 7, 1941.

Miscellaneous Provisions

The House bill defined short-term capital gains or losses as those held for 15 months or less. The Senate Finance Committee reduced the holding period to six months, and defined capital gains and losses from assets held over six months as long-term gains or losses.

The House bill defined all land and buildings as capital assets. The Senate Finance Committee amended this section, in the case of land and buildings used in business, to provide that the excess of loss or gains should be treated as ordinary loss, and the excess of gains over losses as capital gain.

The Senate Finance Committee bill provides that the present old-age insurance tax shall be retained at the present level of 1 percent on the worker and 1 percent on the employer for the year 1943. Unless the existing law is amended, these taxes would automatically be increased to 2 percent for the year 1943.

The Senate Committee provided for the establishment of a special joint committee to study methods of financing the war, to be composed of five members of the Senate Finance Committee, five members of the House Ways and Means Committee, and the Secretary of the Treasury. This joint committee is charged with the responsibility for making a full and complete study of all plans for compulsory savings and other plans by which money may be raised to assist in the conduct of the war, plans to avoid inflation, and plans for current payment of taxes. This committee is required to report to the President and Congress the results of its study, together with its recommendations, on or before December 31, 1942.

CANNED FOOD LABEL MANUAL ISSUED

Contains Sections on Food and Drug Requirements and Table of Labeling Terms

A new Manual for Canned Food Labels will come from the press this coming week and a copy will be mailed to every canner.

The former labeling manual, now over two years old, had become obsolete to some extent because of revised food and drug regulations. Further, the Association's Labeling Committee has, during the past year, adopted and recommended a large number of new terms for use on labels of the more important fruits and vegetables. The Committee's recommendations for these terms are based upon the recommendations of canners and upon consultation and investigation among consumers. For the purpose of securing canner recommendations, more than 40 separate commodity committee meetings were held.

The new Manual is extensive and should prove to be practically a complete reference book for label construction. In addition to sections in which the Food, Drug, and Cosmetic Act and all the standards of identity, quality, and fill of container, so far promulgated under the Act are printed, there is a section devoted to an interpretation of the law and regulations in laymen's language.

Another section is devoted to the construction of labels from the consumers' point of view. This section is further supplemented by a special insert of eight full-sized, full-color example labels, produced by regular commercial methods and furnished through the courtesy of the Label Manufacturers National Association.

One of the most practical features of the Manual is a section of 27 pages—a summary table of labeling terms. In this table all canned foods are included, and for each one separately, the legally required label statements are given in one column and the additional terms recommended for uniform use are given in an adjacent column.

Copies of the Manual will be mailed the week of October 12 to each member of the National Canners Association, as well as to all non-member canners. Through the various other trade associations, copies will be placed in the hands of wholesalers, other distributors who have their own labels, food brokers, and all label manufacturers and their salesmen.

1942 Edition of Government Manual Available

The Fall edition of the United States Government Manual, a 700-page reference book on the creation, organization, functions and activities of the Federal Departments and Agencies as of September 1, 1942, is now available.

The Manual includes statements on all the branches of the Government, a list of principal officials, separate sections on the emergency war agencies, organization charts, publications and commonly used abbreviations. It also contains an appendix on agencies abolished, transferred or consolidated since 1933.

The Manual may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. Single copies cost $1; subscriptions covering the three editions a year cost $2.75.

PRICE CEILINGS ARE ESTABLISHED FOR FOODS HITHERTO FREE FROM CONTROL

Simultaneous Executive Order Governs Wages, Salaries and Agricultural Prices

Immediately after signing the Anti-Inflation Bill on October 2, 1942, President Roosevelt, by executive order, established new and comprehensive controls over wages and salaries and the prices of agricultural commodities and products. Simultaneously, Price Administrator Leon Henderson established emergency price ceilings over virtually all food items previously exempt from control. The new amendments to the Emergency Price Control Act of 1942 and the provisions of the executive order probably establish a pattern for economic stabilization which will be followed for a considerable period in the future and a full explanation of the new organization and of the details of the controls imposed will be of interest to canners.

The basic authority for these comprehensive regulations is found in the Act of October 2, 1942, entitled "An Act to Amend the Emergency Price Control Act of 1942, to Aid in Preventing Inflation," the conference draft of which was finally passed by both houses of Congress on October 2 and signed by the President on the same day.

Agricultural Prices. This statute drastically modifies Section 3 of the Emergency Price Control Act which up to this time limited the application of ceiling prices on agricultural commodities and products. The new statute authorizes the President to suspend those sections of the Emergency Price Control Act which prohibited ceiling prices on agricultural commodities at less than 110 percent of parity or comparable prices and the establishment of any ceiling price on an agricultural product which would not reflect these levels to the producer. Instead of these limitations, the new law provides that no ceiling can be established on any agricultural commodity which fails to reflect to producers either the parity price, as adjusted for grade, location, and seasonal differentials (or a comparable price) for the particular commodity, or the highest price between January 1, 1942, and September 15, 1942, similarly adjusted for grade, location and seasonal differentials. This basic limitation is, however, subject to modification by a series of provisos. In the first place, the President may make adjustments as between the parity price and the highest 1942 price up to September 15 of that year, to the extent "that he finds necessary to correct gross inequities." In other words, wherever it is found that the price of an agricultural commodity in the controlling 1942 period was above parity, the President may, if he finds it necessary, establish a ceiling which will reflect to producers only the parity price.

Moreover, the price ceiling may be further adjusted upward for any agricultural commodity or product where it is necessary to increase the production of such commodity for war purposes or where the ceiling established does not reflect increased labor or other costs to producers incurred since January 1, 1941. It is further provided that in fixing any price ceilings, adequate weighting shall be given to farm labor.

A further proviso, of interest to canners, is

> "that in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing."

Wages and Salaries. The statute authorizes the President to suspend Section 302(c) of the Emergency Price Control Act, which precluded the control of wages and salaries. He is authorized and directed to issue, before November 1, 1942, a general order stabilizing wages and salaries affecting the cost of living, and is directed to do so, so far as practicable, on the basis of the levels which existed on September 15, 1942. After having issued the general order, he may provide for making adjustments in wages and salaries to the extent that he finds this necessary to aid in the effective prosecution of the war or to correct gross inequities.

No wages or salaries may be regulated below the provisions of the Wage and Hour law. The law also specifies that the basis for freezing shall be the highest wages or salaries paid for any particular work between January 1, 1942, and September 15, 1942, but this limitation may be disregarded to the extent that it is necessary in any case to correct gross inequities and to aid in the effective prosecution of the war.

Moreover, any salary over $5,000 per year may be reduced without regard to the specified base period. Finally, the President is given power to limit or to prohibit the payment of double time except when, because of emergency conditions, an employee is required to work for seven consecutive days in any regularly scheduled workweek.

Administration. The President is finally authorized by the statute to exercise the authority through any department, agency or officer which he directs to carry out this law. Wilful violation of any regulation promulgated under the Act is made subject to a fine of $1,000 or imprisonment for not more than a year, or both.

The Executive Order

Although given until November 1, 1942, to take action, President Roosevelt issued a comprehensive executive order immediately upon signing the bill. At the same time he instructed Mr. Henderson to fix rental ceilings throughout the entire United States and to place ceilings upon all agricultural commodities which were exempt under the original Emergency Price Control Act.

Office of Economic Stabilization. By this executive order, the President established the Office of Economic Stabilization, and appointed as the Director of this new agency, Mr. Justice James F. Byrnes, who resigned from the United States Supreme Court to accept the position. The appointment of Mr. Justice Byrnes, formerly Senator Byrnes, has apparently met with wide approval.

There was also established an Economic Stabilization Board with which the Director is to advise and consult. This Board consists of the Secretaries of the Treasury, Agriculture, Commerce, and Labor, the Chairman of the Board of Governors of the Federal Reserve System, the Budget Director, the Price Administrator, the Chairman of the National War Labor Board, and the following representatives each of labor, management and farmers, appointed by the President:

William Green, president of the American Federation of Labor; Philip Murray, president of the Congress of Industrial Organizations; James G. Patton, president of the Farmers Cooperative Union; Edward O'Neal, president of the American Farm Bureau Federation; Eric A. Johnston, president of the United States Chamber of Commerce; and Ralph E. Flanders, president of the Jones and Lamson Machine Co.

The Director is authorized to develop

"a comprehensive national economic policy relating to the control of civilian purchasing power, prices, rents, wages, salaries, profits, rationing, subsidies, and all related matters—all for the purpose of preventing avoidable increases in the cost of living, cooperating in minimizing the unnecessary migration of labor from one business, industry, or region to another, and facilitating prosecution of the war."

The guiding policy is stated to be the stablization of the cost of living in accordance with the Act of October 2. The Director has the power to issue directives on policy to any Federal department or agency concerned.

It is expected that Director Byrnes will utilize the services of other Federal departments, all of which are obliged to supply available information, data and services; and the Director can finally determine how his authority is to be delegated.

Wages and Salaries. The executive order sets forth a series of requirements concerning wages and salaries, and authorizes the National War Labor Board, subject to the orders of the Director, to carry out the policies laid down. The requirements are:

First, that

"no increases in wage rates, granted as a result of voluntary agreement, collective bargaining, conciliation, arbitration, or otherwise, and no decreases in wage rates, shall be authorized unless notice of such increases or decreases shall have been filed with the National War Labor Board, and unless the National War Labor Board has approved such increases or decreases."

This means that on and after October 2 no increases in wages or wage rates may be granted and no reductions may be made without prior approval of the War Labor Board. In approving or disapproving, the Board is directed not to approve any increases in wage rates over those prevailing on September 15, 1942

"unless such increase is necessary to correct maladjustments or inequalities, to eliminate substandards of living, to correct gross inequities, or to aid in the effective prosecution of the war."

Similarly no decrease below the wage rates in the base period shall be approved unless to correct gross inequities. Where a wage increase may require a change in a price ceiling, the approval of the Board cannot become effective without the further approval of Director Byrnes.

Second, the Board is directed to issue regulations permitting small total wage increases or decreases without prior approval. But until such regulations are issued no changes in wages are lawful without such approval.

Third, no increases in salaries in excess of $5,000 per year may be granted without specific approval of the Director, except where an individual is assigned to more difficult or responsible work. The executive order distinguishes between wages and salaries, the latter being defined as "remuneration for personal services *regularly* paid on a weekly, monthly, or annual basis." Apparently no present restrictions on salary increases under $5,000 are provided even though authorized.

Fourth, the Director is authorized to issue regulations which will result in no salary being recognized as deductible for corporate income tax purposes if it exceeds $25,000 after the payment of taxes on all amounts above $25,000. These regulations, when issued, are to make due allowance for the payment of life insurance premiums, fixed obligations, and undue hardship.

In addition to the penalties provided in the statute for violation of the executive order, the latter provides that in the determination of corporate income taxes or in determining price ceilings, or costs and expenses under government contracts, no wage or salary payments in contravention of the executive order shall be deductible.

Prices of Agricultural Commodities. The executive order follows in general language the provisions of the Act of October 2, but provides specifically that in determining price ceilings for agricultural commodities appropriate deductions shall be made for all parity payments and governmental subsidies. Agricultural price ceilings are to be determined jointly by Price Administrator Henderson and the Secretary of Agriculture, and any disagreement is to be resolved by the Director. (See the discussion below of the temporary price ceiling on essential food products.)

Profits and Subsidies. The Price Administrator in establishing price ceilings is directed to do so "in such manner that profits are prevented which in his judgment are unreasonable or exhorbitant." The precise scope of this provision of the order is not apparent. It may be interpreted to authorize the reduction of price ceilings below the levels authorized in the Emergency Price Control Act where the price administrator concludes that the margin of profit on the particular product is unreasonable.

Where it is necessary to insure maximum production or distribution or to prevent a price rise, the Director is authorized to ask any Federal department or agency which has the funds to subsidize the production of any commodity or to purchase it for resale.

Temporary Price Ceilings on Essential Food Products

Pursuant to a directive given him by the President on October 2, Price Administrator Henderson issued Temporary Maximum Price Regulation No. 22, in which, after consulting with the Secretary of Agriculture, he established a temporary 60-day emergency price ceiling on all milk products including condensed and evaporated milk, eggs, poultry, mutton, white potatoes, canned citrus fruits and juices, fresh citrus fruits, flour, including mixed flours, onions, dried edible beans, and corn meal and hominy. This left free of price control virtually only the remaining fresh fruits and vegetables, fresh fish, and peanuts.

The emergency price ceiling will be effective during the period in which permanent price regulations will be worked out. It provides that the seller's maximum price ceiling between October 5, 1942, and December 3, 1942, shall be the highest price charged between September 28, 1942, and October 2, 1942, that is, the five days preceding October 2. If no sales were made in this period, then the price ceiling of the most closely competitive seller for the same food is to be taken. Deliveries to the United States or to any agency under existing contracts are exempted as are sales and deliveries made directly by a farmer if he did not in the preceding month sell to ultimate consumers food

products in excess of $75. The same requirements apply to sales or deliveries by farm cooperatives.

Taken together, the new statute, the executive order and the new Temporary Price Regulation No. 22 achieved a freezing of wages and most salaries and all but 10 per cent of food prices. It is expected that within the near future the detailed regulations of the Office of Economic Stabilization and of the National War Labor Board covering changes in wage rates will be issued. It is also likely that permanent price regulations covering agricultural commodities now brought under control will soon be forthcoming.

AGRICULTURAL DEFERMENTS LISTED IN SELECTIVE SERVICE BULLETIN NO. 18

Details Occupations to Which Consideration Will Be Given in Individual Cases

National Headquarters of the Selective Service System has issued an occupational bulletin to the State Administrators for the draft, which furnishes a more definite basis for the consideration of individual registrants who are employed in critical agricultural activities. This bulletin is similar, in form and purpose, to the bulletin issued September 16 covering registrants in the food processing industries, and which appeared in the INFORMATION LETTER for September 26. The agricultural bulletin (No. 18) states:

1. The War Manpower Commission has certified that Agriculture is an activity essential to the support of the war effort.

2. This bulletin covers the following essential activities as listed in the amendment to Local Board Release No. 115:

(a) *Agriculture:* Dairy, livestock, poultry, truck, sugar-beet, sugar-cane, hay, peanut, soybean, cotton, fruit and nut, potato, dried pea and bean, crop specialty (e. g. flax, hemp), seed and general farms; agricultural and horticultural and animal husbandry services such as tree planting, cattle feed-lot operation, threshing, grist milling, grain cleaning, plowing, corn shelling. Includes also such essential assembly and marketing services as milk and cream assembly stations and cooperative marketing associations.

3. The following list of occupations in agricultural activity are occupations requiring a reasonable degree of training, qualification, or skill to perform the duties involved. It is the purpose of this list to set forth the important occupations in agriculture which must be filled by persons capable of performing the duties involved, in order that the activity may maintain efficient production. This list is confined to those occupations which require six months or more of training and preparation.

4. In classifying registrants employed in these activities, consideration should be given to the following:

(a) The training, qualification, or skill required for the proper discharge of the duties involved in his occupation;

(b) the training, qualification, or skill of the registrant to engage in his occupation; and

(c) the availability of persons with his qualifications or skill, or who can be trained to his qualifications, to replace the registrant and the time in which such replacement can be made.

CRITICAL OCCUPATIONS—AGRICULTURAL ACTIVITY

Agronomist
Airplane pilot, crop dusting
Animal husbandman
Bacteriologist, dairy
Beekeeper
Biologist
Blacksmith, farm
Butter maker
Cheese maker
Chemist
Condenser operator, milk
Cotton classer
Cotton-gin operator
Cowpuncher
Dry yard superintendent
Entomologist
Farm machinery operator (all around)
(This title includes only those workers who are capable of operating and maintaining a farm tractor or engines in combination with complex power machinery requiring specialized experience for successful operation.)

Farm operator, foreman, or generally skilled farm hand
(This title includes only those persons who are generally skilled in farm operations and engaged on a full-time year-round basis, and those persons who are in complete charge of the operations or management of those types of farm activities included in this list.)

Fruit and vegetable sprayer or duster
Grain-elevator operator (supervising)
Grist miller
Hatchery operator, poultry
Herdsman, sheep or dairy
(This title refers to persons in charge of a sheep or dairy herd who are responsible for the feeding, breeding, care, and management of the herd. It does not apply to one who merely tends the sheep or cattle at pasture in order to keep them out of cultivated fields.)

Irrigation engineer
Mechanic, farm (all around)
Mechanic, maintenance
Nurseryman
Seed analyst
Veterinarian, livestock

Changes in Containers Branch of WPB

Several changes in the organization of the Containers Branch were announced October 7 by Charles L. Sheldon, Chief of the Branch.

W. W. Fitzhugh was named Deputy Chief of the Branch. Formerly Assistant Chief, Mr. Fitzhugh has been with the War Production Board for over a year and was at one time Chief of the Folding and Set-up Box Section of the Containers Branch.

Franklin R. Kelly, formerly Acting Chief of the Folding and Set-up Box Section, was appointed Chief. He has been with WPB since January.

R. S. Solinsky was appointed Chief of the Metal Can and Tube Section. He has been with WPB since March, first as Executive Consultant and later as Administrator of Orders M-81 and M-136. He will continue to administer these orders.

Roswell C. Mower, formerly Chief of the Metal Can and Tube Section, is now Special Assistant to Mr. Sheldon.

Alaska Salmon Pack Report

The following figures on the Alaska salmon pack, as reported by the U. S. Fish and Wildlife Service, show the pack by districts and species through September 26, 1942.

District	Coho	Chum	Pink	King	Red	Total
	Cases	*Cases*	*Cases*	*Cases*	*Cases*	*Cases*
Bristol Bay[a]	2,627	16,497	8,725	3,169	436,174	467,192
Alaska Peninsula:						
North side	.....	.....	.....	.....	.....	.....
South side[a]	9,750	114,699	286,636	789	53,405	465,288
Chignik[a]	1,088	11,939	22,882	378	56,951	93,238
Kodiak[a]	10,531	77,953	314,195	336	82,842	485,857
Cook Inlet[a]	58,053	39,705	54,042	28,549	97,688	278,037
Prince Wm. Sound	12,194	81,555	359,318	438	14,603	468,108
Copper River	64,964	.....	.....	5,254	46,629	116,847
Yakutat	17,927	6	2,426	96	10,992	31,447
Icy Straits[a]	8,311	44,834	118,790	248	10,964	183,147
Western[a]	20,836	122,149	339,504	71	15,192	497,752
Eastern[a]	12,108	74,580	254,772	271	8,139	349,870
Wrangell	40,278	59,198	167,740	895	22,199	290,310
South Prince of Wales Island[a]	36,901	96,628	337,418	.....	12,091	483,038
Southern	26,551	156,742	532,924	344	37,713	754,274
Total	322,128	896,485	2,799,372	40,838	905,582	4,964,405
Total through September 27, 1941	339,062	684,733	4,620,122	40,422	1,146,971	6,831,310

[a] Final.

California Sardine Tonnage and Packs

Estimated figures on tonnage of sardines delivered to California processing plants and cases of canned sardines packed during the current season to October 1, inclusive, along with comparisons to a year ago, as reported by the California Sardine Products Institute, are as follows:

	Week ending	Season to—	
	Oct. 1, 1942	Oct. 1, 1942	Oct. 3, 1941
Tonnage:	*Tons*	*Tons*	*Tons*
Northern District (San Francisco Bay)	457	60,231	84,668
Central District (Monterey)	4,512	82,028	3,525
Southern District (Southern California)	.....	.....	.....
Total	4,909	142,259	184,551
Northern and Central District Packs:			
Can Sizes:	*Cases*	*Cases*	*Cases*
1-lb. Oval	22,223	371,667	618,009
1-lb. Tall	19,824	295,572	417,792
½-lb. Fillet	1,755	35,908	44,664
¼-lb. Round 96's	1,978	23,443	59,689
5-oz. 100's	1,530	45,375	113,877
Miscellaneous	1,733	13,055	82,545
Total	49,043	785,020	1,336,596

Hearing on Canned Fruit Cocktail Ingredients

The industry presented testimony before the Federal Security Agency Monday in support of a proposal to amend the definition and standard of identity for canned fruit cocktail, canned cocktail fruits, canned fruits for cocktail, so as to permit the addition of light syrup and light fruit juice syrup as optional ingredients.

Georgia Canners Announce Meeting Dates

The newly formed Georgia Canners Association will hold its first annual convention at Savannah, on November 18 and 19.

Pea Pack Sets Record for Third Year

The total 1942 pack of canned green peas—34,852,651 actual cases—is the third consecutive record pack of this product produced. It exceeds by more than 5¾ million cases the 29,017,539-case pack of last year, and the 25,460,290-case pack of 1940 by more than 9¼ million cases, according to figures compiled by the Association's Division of Statistics.

The following table compares the packs of 1942 with 1941 by States and varieties:

State	1941 Alaskas	1941 Sweets	1942 Alaskas	1942 Sweets
Northeast:	*Cases*	*Cases*	*Cases*	*Cases*
New York and Maine	149,441	1,932,714	216,911	3,437,572
Maryland	1,053,784	194,690	1,226,558	205,584
Delaware and New Jersey	114,426	111,449	75,554	60,885
Pennsylvania	247,241	261,682	340,237	377,721
Other States	118,979	13,866	117,537	38,111
Midwest:				
Ohio	245,390	94,067	392,500	157,877
Indiana	457,928	34,911	833,732	99,885
Illinois	505,462	917,274	559,777	1,258,794
Michigan	277,671	354,306	362,811	484,995
Wisconsin	6,579,390	4,267,675	6,975,801	5,398,016
Minnesota	734,853	1,648,229	774,906	2,071,234
Other States	333,994	164,970	559,561	201,911
West:				
Montana and Wyoming	.....	335,376	.....	409,294
Idaho and Utah	28,745	1,822,559	33,066	1,998,540
Washington and Oregon	57,412	5,556,666	199,956	5,327,253
Other States	.....	402,380	.....	656,072
Total	10,904,716	18,112,823	12,668,907	22,183,744

Army's Frozen Food Purchase Program for 1943

According to an announcement by the War Production Board, the Army intends to purchase during 1943, if available, at least 53 million pounds of frozen foods. The plan calls for approximately 6 million pounds of snap beans, 10 million pounds of lima beans, 4 million pounds of sweet corn, 23 million pounds of peas, and 10 million pounds of spinach. It was stated that recently Army purchases of frozen foods have been at the rate of 600,000 pounds of frozen fruits and vegetables a month.

WPB has sent a questionnaire to frozen food packers asking for details on individual plant facilities, operations, and products handled, for the purpose of determining what facilities will be needed to assure full utilization of frosted food equipment during next year. The form packers are being asked to file is WPB-1582, copies of which are available at the Bureau of the Census, Washington, D. C.

Sorenson to Join Grocery Products Branch

The Grocery Products Branch of the Food Price Division of the Office of Price Administration has announced that Norman O. Sorenson of Wisconsin shortly will join the Branch in a full time administrative capacity to work on canned vegetable price problems. Mr. Sorenson has resigned his position as president of Country Gardens, Inc., to take on this work as a senior business specialist.

WAR DEVELOPMENTS AFFECTING CANNERS

Price Control and Other Regulations Imposed on Products Used in Food Packing

During the past two weeks a number of governmental regulations were issued by various agencies, affecting products that are used in canning operations. Highlights of some of these are given briefly in the following paragraphs:

Agave fiber cordage production for non-essential civilian purposes has been prohibited by the War Production Board under Order M-84, as amended. Processors are directed to cancel all such orders immediately. Previously there had been restrictions on the amount of agave going into the processing of cordage but no controls over use of cordage. Under the new order, no processor can sell or produce agave cordage except for specified governmental and Lend-lease purposes and certain specified essential civilian uses, among which are named "fishing uses for commercial fish markets or canneries."

Copper chemicals for soil treatment, insecticides and fungicides may be obtained now without the filing of PD-600 forms. This was brought about through a revision by WPB of Order M-227. Under the revised provisions, the individual buyer, when he places his order, must certify in writing to his supplier that the amounts he obtains will be used solely for the cultivation of agricultural crops.

Fats and oils prices have been adjusted at the processors' level by Amendment 8 to Revised Price Schedule 53, recently issued by the Office of Price Administration. The amendment relieves the squeeze on cottonseed oil refiners through a reduced crude price. Because processors will obtain this benefit, price ceilings for sales of four grades of refined cottonseed oil have been reduced an equivalent of ½ cent per pound. The grades affected are: Cooking or deordorized white (bleached) summer oil, salad or winterized oil, hydrogenated or margarine oil and high titre hydrogenated oil. These price reductions were passed on to retailers by OPA in Amendment 9, issued immediately following passage of Amendment 8. Amendment No. 7, which had been issued September 25, established specific dollars and cents ceilings for certain grades and qualities of soybean oil, corn oil and peanut oil.

Mason jar production is stopped through the prohibition of the use of zinc in the manufacture of closures for glass containers after October 10. This action was taken in Amendment No. 1 to Conservation Order M-11-b, issued by WPB. WPB's announcement of the prohibition suggested that the wide home-canning use of the jar can be replaced by the substitution of available porcelain closures with steel rims.

Mixed fertilizer, superphosphate, and potash maximum pricing methods are established by Amendment 3 to Maximum Price Regulation 135, issued September 24 by OPA. Ceiling prices are set on the basis of the seller's average or schedule prices in effect during the base period—February 16-20, 1942. The manufacturer's published price during the same period is applicable in instances where a fertilizer cannot be priced by this method. For a new product or grade, not marketed by any manufacturer during the base period, the seller may submit a proposed maximum price to OPA in line with prices for comparable quantities, grades and kinds sold under the same terms and conditions.

Nickel use, except where specifically authorized by the Director General for Operations, has been restricted by WPB to implements of war and other products certified by the Army-Navy Munitions Board to be essential in the successful prosecution of the war, through a revision of Conservation Order M-6-b. Previously the order prohibited the use of nickel in a long list of products, and permitted its use in other products on specific allocations by WPB.

Rubber footwear, now rationed, may be purchased by the owner or operator of an ocean-going ship, without presenting the replenishment portion of a rationing certificate to his supplier, according to provisions contained in Amendment No. 1 to Ration Order No. 6. which was effective October 6.

Decrease Estimated for Canned Food Carloadings

Although the 13 Shippers' Advisory Boards estimate that freight carloadings in the fourth quarter of 1942 will be 6 per cent above actual loadings in the same quarter of 1941, their report, issued by the American Railroad Association, indicates expectancy of a decrease in canned foods carloadings of 4.2 per cent. The estimate covers all canned food products including catsup, jams, jellies, olives, pickles, preserves, etc.

The general 6 per cent increase expected is based on estimates of carloadings of 27 principal commodities totaling 8,666,219 in the fourth quarter of 1942, compared with 8,175,458 for the same commodities in the corresponding period of 1941.

Of these 27 commodities, it is estimated that 20 will show increased carloadings. Canned foods are among the seven expected to show a decrease.

Davis of General Mills Appointed to WPB

Donald D. Davis, president of General Mills Company, Minneapolis, has been appointed Director of the newly created Program Coordination Division of the War Production Board.

Mr. Davis is the first of several top men in the production field who will be recruited by WPB to strengthen the staff of the office of the Vice Chairman on Program Determination.

Duties of the new division include the development and recommendation to the Vice Chairman on Program Determination, of an over-all national production program, integrated and coordinated with over-all strategic requirements, to the end that the most effective use is made of national resources. Mr. Davis will be responsible for all program recommendations by the Division.

Col. Dewey Named Deputy Rubber Director

Appointment of Col. Bradley Dewey, Cambridge, Mass., as Deputy Rubber Director has been announced by Rubber Director William M. Jeffers.

Colonel Dewey is associated with Dewey and Almy Chemical Company, one of the pioneers in synthetic rubber research in the United States and known to the canning industry as producers of can-sealing compounds.

Holder of the Distinguished Service Medal for his work as chief of the Gas Defense Division of the Chemical Warfare Service in World War I, Colonel Dewey has served as a CWS consultant since. He also is a consultant on rubber problems to the Army Quartermaster Corps. He is a life member of the Corporation of Massachusetts Institute of Technology and a member of many scientific societies.

Standards Division Forms Advisory Committee

Formation of a 12-member Interdepartmental Advisory Committee to the Standards Division of the Office of Price Administration has been announced by Dexter M. Keezer, OPA deputy administrator and acting director of the Division.

Mr. Keezer said the committee, of which Dr. Faith Williams, chief of the Cost-of-Living Division of the Department of Labor, is chairman, was created to assist the Standards Division by:

Helping it to avoid duplicating work already being done in the standards field by other agencies; helping it assign new projects to the agency which can best carry out such work; giving technical advice on specific problems confronting the Division, both in the field of standards and the field of operations; helping determine the best priorities to govern its work; giving it the benefit of criticism and support; calling the attention of the Standards Division to new projects which the Division might well undertake.

Serving with Dr. Williams will be Dr. John Cassels, chief of Requirements and Allocations Branch, Office of Agricultural War Relations; Howard Coonley, chief of Simplification Branch, Conservation Division, War Production Board; Clarence W. Kitchen, Agricultural Marketing Administration, Department of Agriculture; Dr. Addams S. McAllister, chief, Division of Codes and Specifications, National Bureau of Standards; Henry Miller, Federal Trade Commission; Donald E. Montgomery, Consumers' Council, AMA; Miss Ruth O'Brien, Bureau of Home Economics, Textile Division Research Center, Beltsville, Md.; Dr. W. B. White, chief of Food Division, USDA; H. J. Wollner, chief, Division of Laboratories, Bureau of Customs, Treasury Department; Dr. Walter G. Campbell, Food and Drug Division, USDA; C. W. Crawford, principal technical advisor, Food and Drug Administration.

OPA and USDA to Hold Citrus Conference

The proper grade and variety differentials that should be included in permanent price regulations for citrus fruits will be the subject of a joint Office of Price Administration-Department of Agriculture conference to be held with representatives of growers on October 19. At a later date OPA will hold a similar industry conference with canners and processors of citrus products, according to informal announcements by OPA.

The placing of permanent price ceilings on fresh, canned, and processed citrus fruits will be brought about under the provisions of the new cost of living stabilization act. Under the authority of this act, which is summarized elsewhere in the INFORMATION LETTER, temporary 60-day ceilings at the highest level during the period September 28 through October 2 were placed by OPA on fresh and canned citrus fruits along with a number of other food commodities formerly exempt from price control.

Canned Foods Purchases By AMA

The Agricultural Marketing Administration has announced the purchase, during the week, of the following canned foods: Salmon, 62,838 cases; flaked fish, 27 cases; sea herring, 12,335 cases; and mackerel, 5,100 cases.

ALTERNATE PRICING ORDER IS ISSUED

(Continued from page 7261)

238 (Adjusted and Fixed Mark-Up Regulation for Sales of Certain Food Products at Retail), applies to retailers. The mechanics of both regulations are essentially the same. They divide sellers of the 11 groups of food products into classes —three in the case of wholesalers, and five in the case of retailers.

Each class is given a specified mark-up over net cost for each group of foods. Taking the net cost of a food item falling in one of the groups, the seller multiplies it by the mark-up figure given for that group in his class. The result is a new ceiling price for the item.

As stated previously, the new ceiling *must* be used on all further sales of lard and dried fruits, but is optional with respect to the other nine groups—depending, of course, on whether it comes out higher than the seller's own March ceiling.

Following is the official mark-up table for wholesale grocers:

Class of Food Product	Retailer-Owned Cooperative House	Cash-and-Carry House	Service House
Breakfast cereals	1.035	1.06	1.08
Coffee	1.035	1.035	1.06
Canned fish	1.055	1.11	1.135
Cooking and salad oils	1.04	1.055	1.08
Rice	1.04	1.055	1.08
Hydrogenated shortening	1.03	1.03	1.035
Other shortening	1.035	1.035	1.04
Sugar	1.02	1.02	1.04
Canned vegetables	1.06	1.085	1.135
Dried fruits	1.055	1.125	1.165
Lard	1.035	1.035	1.075

The retail mark-ups are shown in the following table:

Class of Food Product	Class I Independents Annual Sales Under $20,000	Class II Independents Annual Sales $20,000-$50,000	Class III Independents Annual Sales $50,000-$250,000	Class IV Chains Annual Sales Under $250,000	Class V Independents and Chains Annual Sales Over $250,000
Breakfast cereals	1.22	1.22	1.20	1.13	1.11
Coffee	1.11	1.10	1.10	1.09	1.07
Canned fish	1.23	1.20	1.20	1.16	1.14
Cooking and salad oils	1.23	1.20	1.17	1.16	1.14
Rice	1.20	1.20	1.20	1.18	1.15
Hydrogenated shortening	1.07	1.07	1.05	1.05	1.05
Other shortening	1.16	1.14	1.12	1.09	1.07
Sugar	1.17	1.16	1.12	1.07	1.06
Canned vegetables	1.25	1.23	1.23	1.21	1.19
Dried fruits	1.27	1.25	1.25	1.23	1.22
Lard	1.20	1.20	1.18	1.13	1.10

One feature of both the wholesale and retail regulations is a requirement that no sales may be made at an adjusted ceiling price until the seller has filled out an official report form listing the product, net cost, allowed mark-up, old ceiling price and new ceiling price. However, the retailer *may* begin selling before *filing* these recorded prices with OPA War Price and Rationing Boards.

These forms are to be kept up to date and retained by the seller until official OPA filing dates—December 1 to 10 in the case of wholesalers, and January 1 to 10 in the case of retailers. Wholesalers are required to file with their State or district OPA office, not with the local boards.

If the net cost of any of the food products involved increased during the adjustment period, the seller may recal-

culate and apply his allowed mark-up on the higher net cost. All wholesale adjustments, however, must be completed by November 30, and all retail adjustments by December 31.

The completed wholesaler report forms listing all adjusted ceiling prices, must be filed with the nearest OPA district office. The completed retailer report forms, also listing all adjustments, are to be filed with the local War Price and Rationing Board in the storekeeper's area.

RAW PRODUCTS RESEARCH ACTIVITIES

Kentucky Findings on Corn and Tomato Pests and the Spraying of Lima Beans

Notwithstanding the fact that the growing of canning crops is not of major importance in the agriculture of Kentucky, some of the work carried on by the Experiment Station is of distinct interest and practical importance to canners and growers, both in Kentucky and elsewhere. The following results reported recently by the station on control of earworm on sweet corn and fruit worm (the same insect) on tomatoes, and on reducing blossom drop of lima beans by hormone sprays, illustrate this point.

Corn Ear-worm Control

Clipping the end of corn ears infested with corn ear worms had been found in former years to be a very satisfactory method of control. In 1941 this method was compared on six plantings of sweet corn, with an oil-treatment which had been tried and recommended by the U. S. Department of Agriculture and some State experiment stations. In these tests, however, the clipping method was by far the best in every trial. Worm infestation was reduced 72 per cent by clipping and 47 per cent by oil treatment. The clipped ears were clean and their appearance for market not materially harmed. Oil-treated ears on the other hand, were unattractive, and it was necessary to remove the tip of the ear to avoid an oil flavor when cooked.

Spraying Lima Beans

Because of the effectiveness of naphthaline acetic acid spray in reducing preharvest drop of apples, this spray was tried this year in an effort to reduce blossom drop on lima beans. Blossom drop was reduced, and in the first harvest (about 30 days after spraying) the sprayed plots yielded 41 per cent more than those not sprayed. At later picking dates, however, this advantage seemed to disappear, probably because the spray was effective only a short time, a characteristic found also in its use on apples.

Control of Tomato Fruitworm

In a test for control of the tomato fruitworm, five insecticidal mixtures were applied to replicated plots of tomatoes—six replications of each treatment and six checks or untreated plots. The materials tested were a spray made of four pounds of lead arsenate in 100 gallons of water; a cryolite-talc dust containing 70 per cent of sodium fluoaluminate; a bait made of one pound of lead arsenate and 10 pounds of cornmeal; a cryolite-corn-meal bait, made of one pound of cryolite and 10 pounds of meal; and calcium arsenate dust, undiluted. Treatments were made on June 6, 14, 17, and 27; the first fruits were picked on June 23, and the heaviest infestation by worms occurred between June 23 and July 17, when prices for the fruits were high. None of the treatments gave full control, but all were fairly effective. The average percentages of injured fruits through July 17 under the different treatments were as follows: Lead arsenate spray, 8.8 per cent; cryolite-talc dust, 9.4 per cent; lead arsenate-cornmeal bait, 8.2 per cent, cryolite-cornmeal bait, 8.2 per cent; calcium arsenate dust, 8.1 per cent. On the untreated plots, 22.1 per cent of the fruits were injured.

Reference: Fifty-fourth Annual Report of the Kentucky Agricultural Experiment Station, for the year 1941. Lexington.

Edible Soy Beans for Alabama

Information on some of the varieties of edible early, mid-season, and late soy beans as grown in Alabama, with yields, date of maturity, nutritive value and palatability, is contained in a recent bulletin. Recommendations for growing this product and methods of preparing for table use are also given.

Reference: "Edible Soybeans," Bul. 255, Alabama Agricultural Experiment Station, Auburn.

Control of Corn Borer on Market Sweet Corn

Methods for control of the European corn borer on market sweet corn through the use of sprays and dusts are described in a recent leaflet from the U. S. Department of Agriculture.

Reference: "Protecting Market Sweet Corn from the European Corn Borer". Leaflet No. 225, U. S. Department of Agriculture.

Tung and Oiticica Oils Placed Under Control

Tightened control over tung oil and oiticica oil was ordered October 6 by the Director General for Operations. The order, amending M-57, requires specific authorization of the director to use tung oil after November 1, except for users of 35 pounds or less in a month.

Until that date existing regulations will prevail. They permit use of tung oil on ratings of A-2 or higher; on orders placed by Defense Supplies Corporation; for linings for food cans; for outside can coatings necessary in food processing; and to comply with underwriters' health, sanitary or safety regulations.

Oiticica oil, a substitute for tung oil is controlled under the new order along exactly the same lines.

The standard chemical forms, PD-600 and PD-601 are provided for requests for allocations for the oils and for reports from distributors.

Steel Strapping Industry Subcommittee Formed

The War Production Board has announced the formation of a Steel Strapping Subcommittee of the Iron and Steel Industry. L. F. Miller, of WPB's Iron and Steel Branch, will be the government's presiding officer at all meetings of the group. Following are members of the Subcommittee:

H. C. Bristoll, The Stanley Works; John W. Leslie, Signode Steel Strapping Co.; C. F. Osgood, Jr., C. Tennant Sons & Company; C. J. Sharp, Acme Steel Company; E. T. Sproul, Brainard Steel Company; and Harry Walter, Gerrard Wire Company.